

FISCAL MEMORANDUM

SB 3212 – HB 3779

March 24, 2008

SUMMARY OF AMENDMENT (015522): Prohibits a health insurance carrier from requiring notification of a hospital inpatient emergency admission within less than one business day following an inpatient admission if compliance would result in notification on a weekend or federal holiday.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Should this legislation result in health insurance carriers not being able to require prior authorization for any type of hospital admission, there will be a significant fiscal impact on TennCare managed care organizations (MCO), the state sponsored health insurance plans, and local government health plans. It is estimated that this would result in an increase in state expenditures exceeding \$24,000,000, local government expenditures exceeding \$10,000,000*, and federal expenditures exceeding \$23,000,000.

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Should health insurance carriers not be able to require prior authorizations for in-patient hospital stays, there would be a significant increase in health insurance premiums estimated to exceed \$10,000,000.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in a not significant increase in the cost of health insurance premiums for plans that may have to alter notification requirements.

Assumptions applied to amendment:

- The bill will not affect the prior authorization requirements of health insurance carriers including TennCare managed care organizations (MCO), the state sponsored health insurance plans, and local government health plans.

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- The Department of Commerce and Insurance will verify an insurance carrier's compliance with the proposed legislation during the regular review of forms and contracts. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a more compact, stylized script, followed by "W." and "White" in a more legible, though still cursive, hand.

James W. White, Executive Director

/kml